# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2157
ANSWERED ON:01.12.2000
PRE PAYMENT OF FOREIGN BORROWINGS
UMMAREDDY VENKATESWARLU

**Will the Minister of FINANCE be pleased to state:**

(a) whether there is any effort to increase the total pre-payment of foreign borrowings;

(b) the RBI`s views on pre-payment of foreign borrowings;

(c) whether any specific target has been set for the year 2000-2001 to pre-pay high interest foreign exchange loans;

(d) if so, the details thereof and the steps proposed to meet the target;

(e) the overall advantages to the country in general pre-payment of foreign borrowings;

(f) whether private companies are also being encouraged to pre-pay any foreign borrowings; and
(g) if so, the details thereof?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL )

(a) No, Sir.

(b) As of now, Reserve Bank of India processes prepayment proposals at the request of borrowers as per existing External Commercial Borrowing policies. External Commercial Borrowing Policy endeavours to keep borrowing maturities long, costs low, and encourage infrastructure and export sector financing .

(c) No, Sir.

(d) Does not arise.

(e) Any prepayment adds to the demand for foreign exchange. Therefore, prepayments would contribute to the demand for foreign exchange and to that extent may have an impact in the foreign exchange market.

(f) No, Sir.

(g) Does not arise.